

University of California  
Medical Centers

## Quarterly Report

For The Nine Months Ended  
March 31, 2013

Prepared by: Office of the Associate Vice President and Systemwide Controller

UNIVERSITY OF CALIFORNIA  
MEDICAL CENTERS  
Activity and Financial Status Report  
**Key Indicators**  
For The Nine Months Ended March 31, 2013  
(\$ in thousands)

	DAVIS	IRVINE	LOS ANGELES	SAN DIEGO	SAN FRANCISCO	TOTAL
<b>Available Beds</b>						
Current Y-T-D	578	409	806	559	660	3,012
Prior Y-T-D	567	387	842	582	660	3,038
<b>Average Daily Census</b>						
Current Y-T-D	465	304	734	428	492	2,422
Prior Y-T-D	465	293	717	418	494	2,387
<b>Discharges</b>						
Current Y-T-D	22,698	14,404	30,594	20,197	21,482	109,375
Prior Y-T-D	23,589	13,248	30,098	20,144	20,894	107,973
<b>Length of Stay</b>						
Current Y-T-D	5.6	5.8	6.6	5.8	6.3	6.1
Prior Y-T-D	5.4	6.1	6.6	5.7	6.5	6.1
<b>Patient Days</b>						
Current Y-T-D	127,295	83,292	201,054	117,229	134,838	663,708
Prior Y-T-D	127,326	80,511	197,268	114,950	135,745	655,800
<b>Outpatient Visits</b>						
Current Y-T-D	705,117	414,835	721,343	490,339	623,960	2,955,594
Prior Y-T-D	708,632	383,270	722,623	473,611	626,867	2,915,003
<b>Case Mix Index</b>						
Current Y-T-D	1.67	1.72	1.96	1.64	2.02	
Prior Y-T-D	1.70	1.61	1.91	1.64	1.96	
<b>Days of Revenue in A/R</b>						
Current Y-T-D	54	64	57	61	65	
Quarterly Target (03/31/13)	54	61	55	69	58	
<b>Days Cash on Hand</b>						
Current Y-T-D	49	53	159	33	56	
Quarterly Target (03/31/13)	49	70	110	36	56	
<b>Income (Loss) from Operations</b>						
Current Y-T-D	\$ 9,722	\$ 38,530	\$ 121,614	\$ 52,312	\$ 92,637	\$ 314,815
Prior Y-T-D	27,173	33,457	139,766	50,032	79,945	330,373
<b>Income (Loss) Before Other Changes in Net Assets</b>						
Current Y-T-D	\$ 2,919	\$ 32,190	\$ 111,371	\$ 51,011	\$ 91,370	\$ 288,861
Prior Y-T-D	17,683	25,876	125,627	48,613	67,173	284,972
<b>Increase (Decrease) in Net Assets</b>						
Current Y-T-D	\$ (220)	\$ (5,067)	\$ 56,651	\$ 47,357	\$ 134,236	\$ 232,957
Prior Y-T-D	53,553	(20,112)	79,107	37,742	26,370	176,660
<b>Margin on Income (Loss) Before Other Changes in Net Assets</b>						
Current Y-T-D	0.3%	5.4%	7.9%	6.4%	5.7%	5.3%
Prior Y-T-D	1.8%	4.8%	9.5%	6.6%	4.6%	5.6%
<b>Debt Service Coverage</b>						
Current Y-T-D	2.5	3.1	5.9	4.9	3.6	N/A
Prior Y-T-D	2.9	3.7	6.6	5.1	2.7	N/A

UNIVERSITY OF CALIFORNIA  
MEDICAL CENTERS  
Activity and Financial Status Report

**Statement of Revenues, Expenses and Changes in Net Assets**  
For The Third Quarter Ended March 31, 2013  
(\$ in thousands)

	DAVIS		IRVINE		LOS ANGELES		
	Budget	Actual	Budget	Actual	Budget	Actual	
Net patient service revenue	\$ 350,923	\$ 348,179	\$ 180,093	\$ 194,790	\$ 448,650	\$ 448,574	
Other operating revenue	3,169	4,434	6,218	6,441	15,540	13,274	
Total operating revenue	354,092	352,613	186,311	201,231	464,190	461,848	
Operating expenses (excludes interest expense)	347,967	353,374	178,594	193,487	459,690	434,777	
Income (loss) from operations (a)	6,125	(761)	7,717	7,744	4,500	27,071	
Nonoperating revenue (expenses)	(3,332)	(2,354)	(2,629)	(2,093)	(7,420)	(5,820)	
Income (loss) before other changes in net assets	2,793	(3,115)	5,088	5,651	(2,920)	21,251	
Other changes in net assets (b)	(10,353)	(7,352)	(14,921)	(15,672)	(23,150)	(23,698)	
Increase (decrease) in net assets (a)	<u>\$ (7,560)</u>	<u>\$ (10,467)</u>	<u>\$ (9,833)</u>	<u>\$ (10,021)</u>	<u>\$ (26,070)</u>	<u>\$ (2,447)</u>	

	SAN DIEGO		SAN FRANCISCO (c)		TOTAL		Prior Year Actual
	Budget	Actual	Budget	Actual	Budget	Actual	
Net patient service revenue	\$ 248,529	\$ 261,036	\$ 510,999	\$ 537,729	\$ 1,739,195	\$ 1,790,308	\$ 1,697,015
Other operating revenue	9,462	12,311	14,453	24,150	48,842	60,610	40,367
Total operating revenue	257,991	273,347	525,452	561,879	1,788,037	1,850,918	1,737,382
Operating expenses (excludes interest expense)	243,947	250,656	496,750	523,493	1,726,948	1,755,787	1,634,414
Income (loss) from operations (a)	14,044	22,691	28,702	38,386	61,089	95,131	102,968
Nonoperating revenue (expenses)	636	(398)	(874)	551	(13,619)	(10,114)	(17,167)
Income (loss) before other changes in net assets	14,680	22,293	27,828	38,937	47,470	85,017	85,801
Other changes in net assets (b)	524	(18,971)	(10,680)	(9,467)	(58,580)	(75,160)	(43,222)
Increase (decrease) in net assets (a)	<u>\$ 15,204</u>	<u>\$ 3,322</u>	<u>\$ 17,148</u>	<u>\$ 29,470</u>	<u>\$ (11,110)</u>	<u>\$ 9,857</u>	<u>\$ 42,579</u>

(a) Income (loss) from operations and increase (decrease) in net assets for the quarter-to-date include the following amounts for retroactive adjustments under reimbursement agreements with third-party payors:

DAVIS: \$17, IRVINE: \$5863, LOS ANGELES: \$0, SAN DIEGO: \$0, SAN FRANCISCO: \$1404. TOTAL: \$7824.

For the same period last fiscal year, retroactive adjustments under reimbursement agreements with third-party payors were:

DAVIS: \$2782, IRVINE: \$420, LOS ANGELES: \$0, SAN DIEGO: \$25, SAN FRANCISCO: \$4856. TOTAL: \$8083.

(b) Other Changes in Net Assets include transactions such as Health Systems Support, State and Federal Capital Appropriations, and other transfers of funds between the medical center and campus. Health Systems Support is a transfer of funds from the medical center to the School of Medicine on the campus. State and Federal Capital Appropriations are funds received by the campus and transferred to the medical centers, e.g., SB 1953 funds, FEMA, State Public Works Board, etc. Depending on the timing of these transfers of funds, Other Changes in Net Assets may be either a positive or negative amount and can also result in significant month-to-month budget to actual variances.

(c) UCSF information on this page includes both Medical Center activities and Medical Group Activities (PSA) and is, therefore, not comparable with the other Medical Centers. However, information on this page is comparable with the audited financial statements, which includes (1) UCSF Medical Center activities and PSA, and (2) the Medical Center activities of UC Davis, UC Irvine, UCLA, and UCSD. The income statement page in prior reports (with the exception of some year-end reports) included information on the five medical centers and excluded UCSF PSA.

UNIVERSITY OF CALIFORNIA  
MEDICAL CENTERS  
Activity and Financial Status Report

**Statement of Revenues, Expenses and Changes in Net Assets**  
For The Nine Months Ended March 31, 2013  
(\$ in thousands)

	DAVIS		IRVINE		LOS ANGELES	
	Y-T-D Budget	Y-T-D Actual	Y-T-D Budget	Y-T-D Actual	Y-T-D Budget	Y-T-D Actual
Net patient service revenue	\$ 1,057,051	\$ 1,035,295	\$ 551,994	\$ 573,531	\$ 1,355,830	\$ 1,366,694
Other operating revenue	9,606	14,059	21,804	22,196	45,870	41,984
Total operating revenue	1,066,657	1,049,354	573,798	595,727	1,401,700	1,408,678
Operating expenses (excludes interest expense)	1,044,629	1,039,632	543,291	557,197	1,332,220	1,287,064
Income (loss) from operations (a)	22,028	9,722	30,507	38,530	69,480	121,614
Nonoperating revenue (expenses)	(10,008)	(6,803)	(7,889)	(6,340)	(22,310)	(10,243)
Income (loss) before other changes in net assets	12,020	2,919	22,618	32,190	47,170	111,371
Other changes in net assets (b)	(31,196)	(3,139)	(35,762)	(37,257)	(69,440)	(54,720)
Increase (decrease) in net assets (a)	\$ (19,176)	\$ (220)	\$ (13,144)	\$ (5,067)	\$ (22,270)	\$ 56,651

	SAN DIEGO		SAN FRANCISCO (c)		TOTAL	
	Y-T-D Budget	Y-T-D Actual	Y-T-D Budget	Y-T-D Actual	Y-T-D Budget	Y-T-D Actual
Net patient service revenue	\$ 750,215	\$ 765,624	\$ 1,520,659	\$ 1,540,642	\$ 5,235,749	\$ 5,281,786
Other operating revenue	31,725	35,743	42,115	59,997	151,120	173,979
Total operating revenue	781,940	801,367	1,562,774	1,600,639	5,386,869	5,455,765
Operating expenses (excludes interest expense)	734,778	749,055	1,483,999	1,508,002	5,138,917	5,140,950
Income (loss) from operations (a)	47,162	52,312	78,775	92,637	247,952	314,815
Nonoperating revenue (expenses)	(590)	(1,301)	(6,154)	(1,267)	(46,951)	(25,954)
Income (loss) before other changes in net assets	46,572	51,011	72,621	91,370	201,001	288,861
Other changes in net assets (b)	1,573	(3,654)	(32,040)	42,866	(166,865)	(55,904)
Increase (decrease) in net assets (a)	\$ 48,145	\$ 47,357	\$ 40,581	\$ 134,236	\$ 34,136	\$ 232,957

Total Prior
Y-T-D Actual
\$ 4,936,109
115,814
5,051,923
4,721,550
330,373
(45,401)
284,972
(108,312)
\$ 176,660

(a) Income (loss) from operations and increase (decrease) in net assets for the year-to-date include the following amounts for retroactive adjustments under reimbursement agreements with third-party payors:

DAVIS: \$8727, IRVINE: \$15559, LOS ANGELES: \$0, SAN DIEGO: \$410, SAN FRANCISCO: \$1885. TOTAL: \$26581.

For the same period last fiscal year, retroactive adjustments under reimbursement agreements with third-party payors were:

DAVIS: \$4575, IRVINE: \$5864, LOS ANGELES: \$0, SAN DIEGO: \$2597, SAN FRANCISCO: \$6242. TOTAL: \$19278.

(b) Other Changes in Net Assets include transactions such as Health Systems Support, State and Federal Capital Appropriations, and other transfers of funds between the medical center and campus. Health Systems Support is a transfer of funds from the medical center to the School of Medicine on the campus. State and Federal Capital Appropriations are funds received by the campus and transferred to the medical centers, e.g., SB 1953 funds, FEMA, State Public Works Board, etc. Depending on the timing of these transfers of funds, Other Changes in Net Assets may be either a positive or negative amount and can also result in significant month-to-month budget to actual variances.

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UNIVERSITY OF CALIFORNIA  
MEDICAL CENTERS  
Activity and Financial Status Report

**Statement of Net Assets**  
as of March 31, 2013  
(\$ in thousands)

	DAVIS	IRVINE	LOS ANGELES	SAN DIEGO	SAN FRANCISCO (a)	TOTAL	PRIOR YEAR
<b>Assets</b>							
Current assets:							
Cash-Unrestricted	171,879	102,354	689,595	84,999	299,618	1,348,445	1,199,126
Cash-Restricted						-	
Restricted assets, held by trustee						-	
Receivables	256,339	148,518	358,404	229,880	427,790	1,420,931	1,426,163
Less: allow. for uncollectibles	(51,841)	(29,141)	(68,347)	(57,797)	(43,101)	(250,227)	(261,450)
Other receivables, net	5,186	73,698	42,948	17,705	3,260	142,797	324,763
Inventory	19,155	14,659	21,972	16,922	29,032	101,740	96,134
Prepaid expenses and other assets	21,753	9,760	26,255	9,598	25,216	92,582	80,826
Third Party Payment Recivables	62,889		13,812	98,937	4,495	180,133	
Total current assets	<u>485,360</u>	<u>319,848</u>	<u>1,084,639</u>	<u>400,244</u>	<u>746,310</u>	<u>3,036,401</u>	<u>2,865,562</u>
Restricted assets	-	24,618	19,848	134	134,347	178,947	543,111
Capital assets, net	1,086,016	724,106	1,937,103	851,955	1,565,712	6,164,892	5,531,294
Investments in joint ventures	24,995	-	-	10,358	-	35,353	30,668
Other assets	<u>2,260</u>	<u>2,312</u>	<u>11,866</u>	<u>3,638</u>	<u>7,170</u>	<u>27,246</u>	<u>46,655</u>
Total assets	<u>\$ 1,598,631</u>	<u>\$ 1,070,884</u>	<u>\$ 3,053,456</u>	<u>\$ 1,266,329</u>	<u>\$ 2,453,539</u>	<u>\$ 9,442,839</u>	<u>\$ 9,017,290</u>
Deferred Outflows of Resources			44,997		16,743	61,740	47,092
<b>Liabilities</b>							
Current liabilities:							
Accounts payable and accrued expenses	29,458	23,260	100,020	49,579	159,132	361,449	343,910
Accrued salaries and benefits	96,999	46,116	123,760	52,652	68,545	388,072	343,023
Third-party payor settlements	38,228	61,658	14,371	5,039	9,622	128,918	190,069
Current portion of long-term debt and capital leases	32,312	19,208	12,627	40,819	47,513	152,479	105,206
Other liabilities	29,146	8,064	104,028	1,552	32,030	174,820	114,989
Total current liabilities	<u>226,143</u>	<u>158,306</u>	<u>354,806</u>	<u>149,641</u>	<u>316,842</u>	<u>1,205,738</u>	<u>1,097,197</u>
Long-term debt and capital leases, net of current portion and other long-term liabilities	<u>350,362</u>	<u>312,231</u>	<u>860,693</u>	<u>210,581</u>	<u>850,045</u>	<u>2,583,912</u>	<u>2,634,350</u>
Total liabilities	<u>\$ 576,505</u>	<u>\$ 470,537</u>	<u>\$ 1,215,499</u>	<u>\$ 360,222</u>	<u>\$ 1,166,887</u>	<u>\$ 3,789,650</u>	<u>\$ 3,731,547</u>
<b>Net Assets</b>							
Invested in capital assets, net of related debt	702,082	418,830	1,141,946	604,074	826,910	3,693,842	3,355,591
Restricted:							
Nonexpendable:							
Endowments	-	-	337	-	-	337	337
Expendable:							
Capital projects	-		1,748	-	14,626	16,374	58,866
Debt service	-	-	-	-	-	-	-
Other	-	-	14,598	-	7,265	21,863	19,991
Unrestricted	<u>320,044</u>	<u>181,517</u>	<u>724,325</u>	<u>302,033</u>	<u>454,594</u>	<u>1,982,513</u>	<u>1,898,050</u>
Total net assets	<u>\$ 1,022,126</u>	<u>\$ 600,347</u>	<u>\$ 1,882,954</u>	<u>\$ 906,107</u>	<u>\$ 1,303,395</u>	<u>\$ 5,714,929</u>	<u>\$ 5,332,835</u>

(a) UCSF Medical Center's Statement of Net Assets includes data for the combined entity (i.e., the Medical Center and the Medical Group [PSA]).



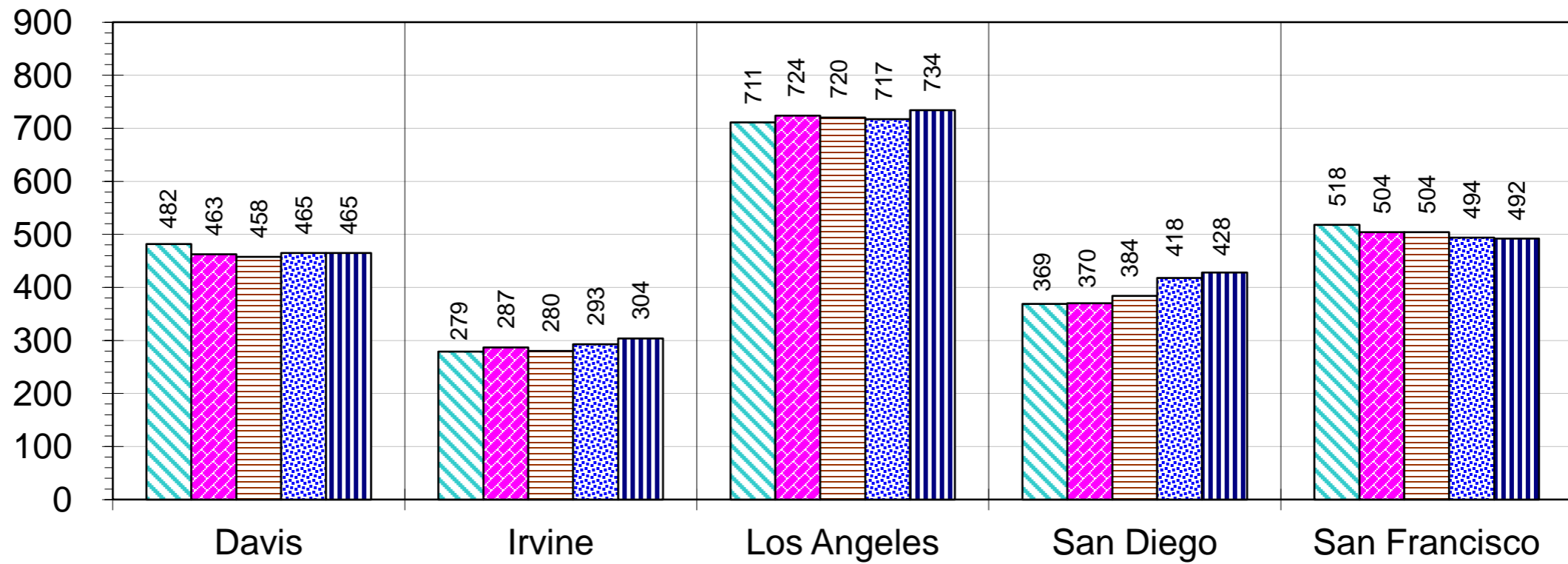
UNIVERSITY OF CALIFORNIA  
 MEDICAL CENTERS  
 Activity and Financial Status Report  
**Comparison of Current Year-to-Date to Prior Year-to-Date**  
**Patient Days by Sponsor and Operating Revenue by Funding Source**  
 For The Nine Months Ended March 31, 2013  
 (\$ in thousands)

Medical Centers	Patient Days				Total Operating Revenue			
	Current Y - T - D		Prior Y- T - D		Current Y - T - D		Prior Y- T - D	
<b>Davis</b>								
Medicare (non-risk)	41,958	33%	38,224	30%	\$ 249,668	24%	\$ 229,560	23%
Medicare (risk)	0	0%	0	0%	0	0%	46	0%
Medi-Cal (non-risk)	43,478	34%	28,174	22%	184,338	18%	184,510	19%
Medi-Cal (risk)	0	0%	0	0%	0	0%	0	0%
County	8,891	7%	8,635	7%	10,636	1%	7,735	1%
Commercial Insurance	164	0%	84	0%	1,127	0%	471	0%
Contract (disc./per-diem)	21,422	17%	39,611	31%	497,323	47%	470,027	48%
Contract (capitated)	10,213	8%	10,926	9%	89,571	9%	81,516	8%
Non-Sponsored/Self-Pay	1,169	1%	1,672	1%	2,632	0%	2,675	0%
Total/Subtotal	<u>127,295</u>	<u>100%</u>	<u>127,326</u>	<u>100%</u>	<u>1,035,295</u>	<u>99%</u>	<u>976,540</u>	<u>99%</u>
CTS					5,476	1%	0	0%
Other Op. Rev.					8,583	1%	9,762	1%
Total					<u>\$ 1,049,354</u>	<u>100%</u>	<u>\$ 986,302</u>	<u>100%</u>
<b>Irvine</b>								
Medicare (non-risk)	22,609	27%	21,299	26%	\$ 131,559	22%	\$ 112,769	21%
Medicare (risk)	0	0%	0	0%	0	0%	0	0%
Medi-Cal (non-risk)	30,219	36%	29,301	36%	126,292	21%	113,211	21%
Medi-Cal (risk)	0	0%	0	0%	0	0%	0	0%
County	7,136	9%	6,688	8%	24,341	4%	17,014	3%
Commercial Insurance	302	0%	517	1%	4,185	1%	5,285	1%
Contract (disc./per-diem)	21,162	25%	21,038	26%	282,804	47%	268,381	50%
Contract (capitated)	0	0%	0	0%	0	0%	0	0%
Non-Sponsored/Self-Pay	1,864	2%	1,668	2%	4,350	1%	3,886	1%
Total/Subtotal	<u>83,292</u>	<u>100%</u>	<u>80,511</u>	<u>100%</u>	<u>573,531</u>	<u>96%</u>	<u>520,546</u>	<u>97%</u>
CTS					6,356	1%	6,356	1%
Other Op. Rev.					15,840	3%	10,518	2%
Total					<u>\$ 595,727</u>	<u>100%</u>	<u>\$ 537,420</u>	<u>100%</u>
<b>Los Angeles</b>								
Medicare (non-risk)	60,952	30%	60,698	31%	\$ 295,615	21%	\$ 281,746	21%
Medicare (risk)	7,051	4%	6,822	3%	34,920	2%	35,221	3%
Medi-Cal (non-risk)	31,999	16%	33,038	17%	106,917	8%	91,724	7%
Medi-Cal (risk)	0	0%	0	0%	0	0%	0	0%
County (see Footnote (a))	0	0%	0	0%	0	0%	0	0%
Commercial Insurance	0	0%	0	0%	0	0%	0	0%
Contract (disc./per-diem)	96,091	48%	91,475	46%	911,233	65%	852,324	65%
Contract (capitated)	0	0%	0	0%	0	0%	0	0%
Non-Sponsored/Self-Pay	4,961	2%	5,235	3%	18,009	1%	16,062	1%
Total/Subtotal	<u>201,054</u>	<u>100%</u>	<u>197,268</u>	<u>100%</u>	<u>1,366,694</u>	<u>97%</u>	<u>1,277,077</u>	<u>97%</u>
CTS					7,493	1%	7,493	1%
Other Op. Rev.					34,491	2%	35,063	3%
Total					<u>\$ 1,408,678</u>	<u>100%</u>	<u>\$ 1,319,633</u>	<u>100%</u>
<b>San Diego</b>								
Medicare (non-risk)	31,277	27%	30,046	26%	\$ 169,720	21%	\$ 149,571	20%
Medicare (risk)	0	0%	0	0%	0	0%	0	0%
Medi-Cal (non-risk)	23,594	20%	27,481	24%	118,168	15%	124,284	17%
Medi-Cal (risk)	0	0%	0	0%	0	0%	0	0%
County	10,318	9%	9,512	8%	27,008	3%	21,164	3%
Commercial Insurance	1,290	1%	1,264	1%	9,059	1%	7,008	1%
Contract (disc./per-diem)	45,584	39%	41,176	36%	438,505	55%	420,299	57%
Contract (capitated)	0	0%	0	0%	0	0%	0	0%
Non-Sponsored/Self-Pay	5,166	4%	5,471	5%	3,164	0%	3,630	0%
Total/Subtotal	<u>117,229</u>	<u>100%</u>	<u>114,950</u>	<u>100%</u>	<u>765,624</u>	<u>96%</u>	<u>725,956</u>	<u>98%</u>
CTS					0	0%	4,707	1%
Other Op. Rev.					35,743	4%	8,054	1%
Total					<u>\$ 801,367</u>	<u>100%</u>	<u>\$ 738,717</u>	<u>100%</u>
<b>San Francisco</b>								
Medicare (non-risk)	35,642	26%	33,146	24%	\$ 330,815	21%	\$ 269,169	18%
Medicare (risk)	396	0%	387	0%	1,533	0%	2,310	0%
Medi-Cal (non-risk)	22,759	17%	26,514	20%	114,286	7%	145,723	10%
Medi-Cal (risk)	984	1%	2,345	2%	1,438	0%	28,328	2%
County	2,135	2%	1,970	1%	13,275	1%	24,004	2%
Commercial Insurance	9,835	7%	2,410	2%	82,614	5%	36,613	2%
Contract (disc./per-diem)	59,355	44%	66,972	49%	979,635	61%	829,208	56%
Contract (capitated)	0	0%	46	0%	0	0%	91,181	6%
Non-Sponsored/Self-Pay	3,732	3%	1,955	1%	17,046	1%	9,454	1%
Total/Subtotal	<u>134,838</u>	<u>100%</u>	<u>135,745</u>	<u>100%</u>	<u>1,540,642</u>	<u>96%</u>	<u>1,435,990</u>	<u>98%</u>
CTS					100	0%	3,294	0%
Other Op. Rev.					59,897	4%	30,567	2%
Total					<u>\$ 1,600,639</u>	<u>100%</u>	<u>\$ 1,469,851</u>	<u>100%</u>

(a) UCLA Current YTD patient days and operating revenue from County are included in Medi-Cal (non-risk); Contract (capitated) is included in Medicare (risk).

# AVERAGE DAILY CENSUS

## March Y-T-D Comparisons 2008/09 to 2012/13



Mar-09

Mar-10

Mar-11

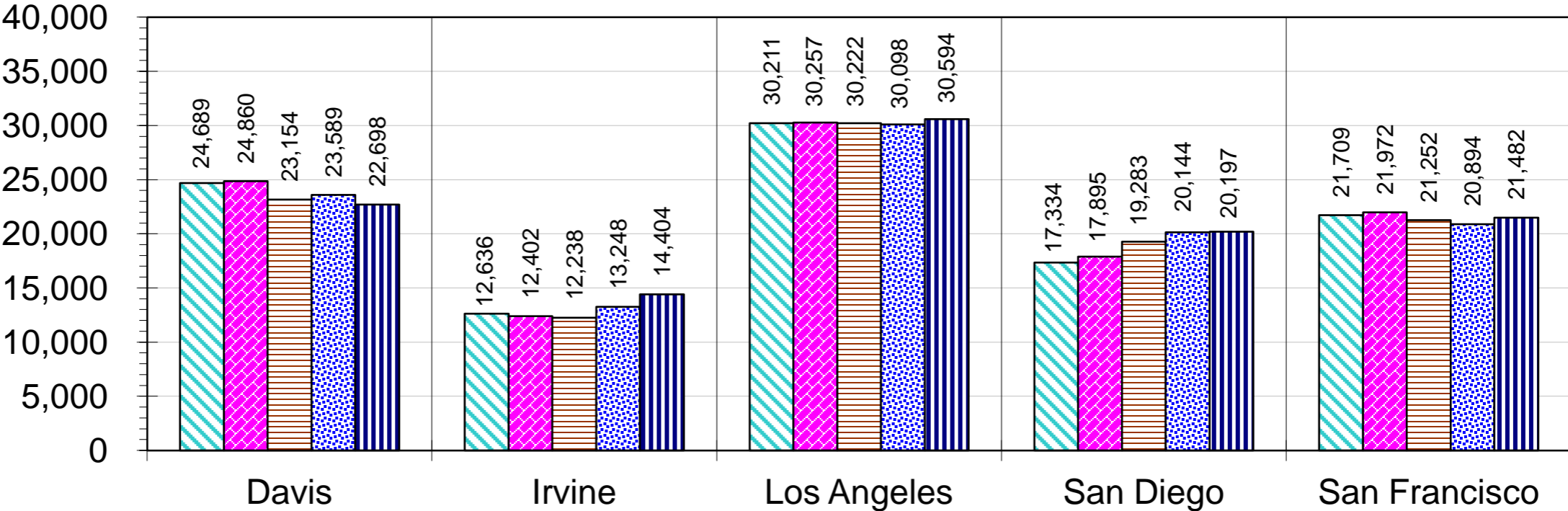
Mar-12

Mar-13



# DISCHARGES

## March Y-T-D Comparisons 2008/09 to 2012/13



Mar-09

Mar-10

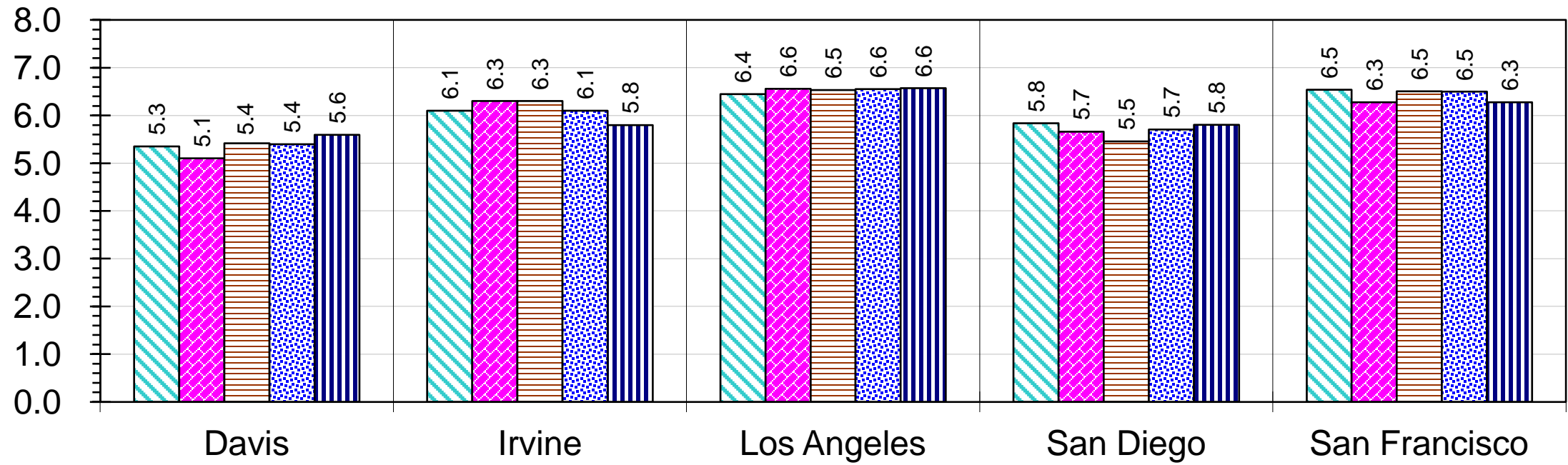
Mar-11

Mar-12

Mar-13

# LENGTH OF STAY

## March Y-T-D Comparisons 2008/09 to 2012/13



Mar-09

Mar-10

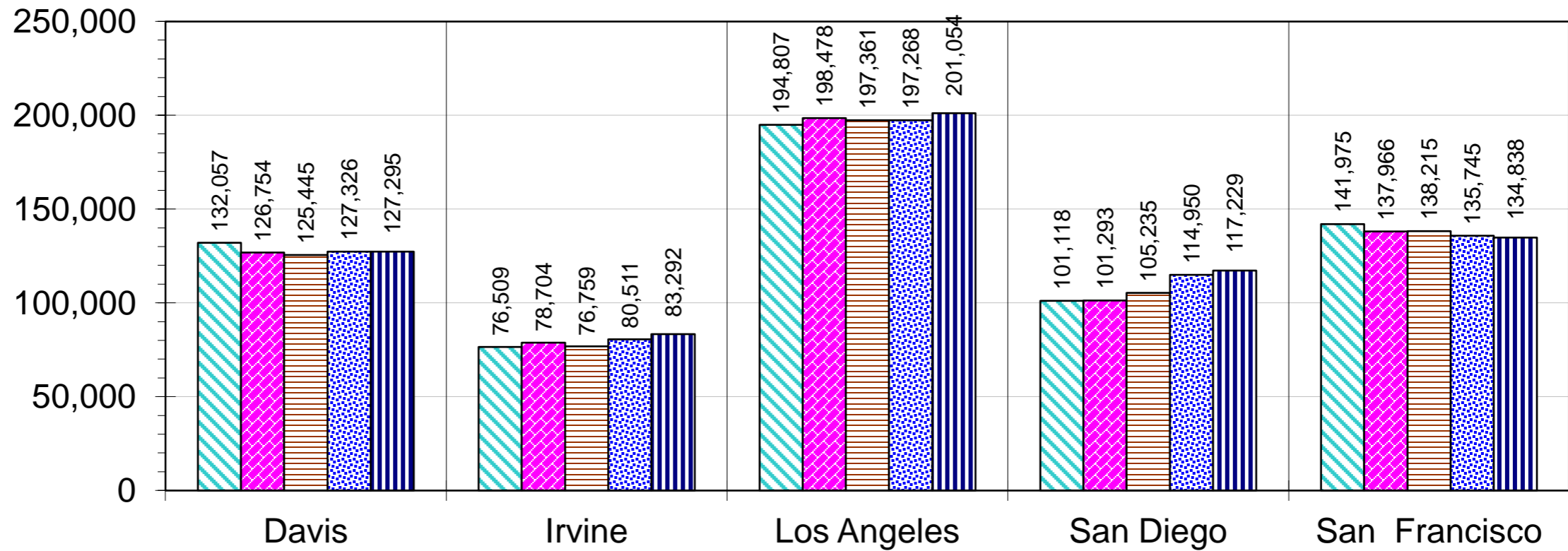
Mar-11

Mar-12

Mar-13

# PATIENT DAYS

## March Y-T-D Comparisons 2008/09 to 2012/13



Mar-09

Mar-10

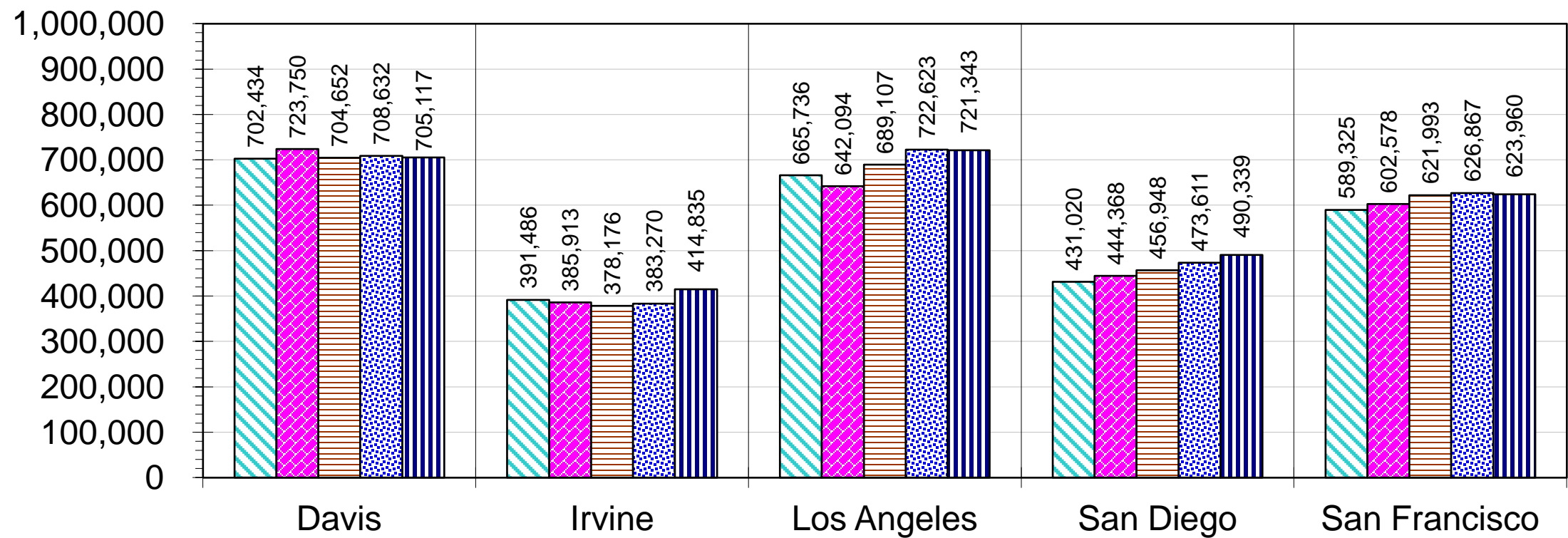
Mar-11

Mar-12

Mar-13

# OUTPATIENT VISITS

## March Y-T-D Comparisons 2008/09 to 2012/13



Mar-09

Mar-10

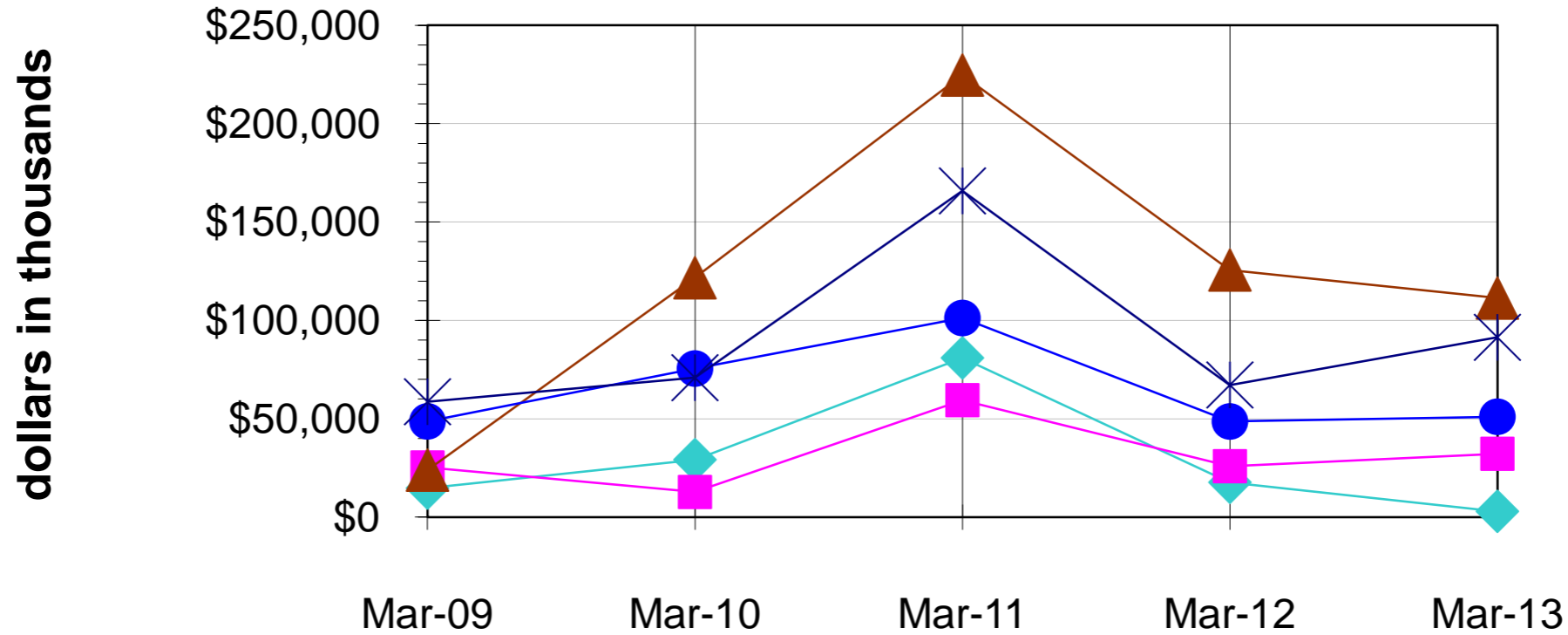
Mar-11

Mar-12

Mar-13

# INCOME (LOSS) BEFORE OTHER CHANGES IN NET ASSETS

## March Y-T-D Comparisons 2008/09 to 2012/13



◆ Davis     
 ■ Irvine     
 ▲ Los Angeles     
 ● San Diego     
 ✱ San Francisco

MARGIN	Davis	Irvine	Los Angeles	San Diego	San Francisco
Mar-09	1.9%	6.1%	2.3%	8.5%	6.1%
Mar-10	3.6%	2.8%	10.6%	12.2%	6.9%
Mar-11	8.8%	11.6%	17.6%	15.1%	11.7%
Mar-12	1.8%	4.8%	9.5%	6.6%	4.6%
Mar-13	0.3%	5.4%	7.9%	6.4%	5.7%

# UC Davis Medical Center

## For the Nine Months Ended March 31, 2013

### **OPERATING RESULTS**

**Summary** – For the nine months ended March 31, 2013, UC Davis Medical Center’s total operating revenue of \$1.05 billion was \$17.3 million below budget; however this was an increase of \$63.1 million over the prior year. Operating income of \$9.7 million, resulting in a margin of 0.9 percent, was \$12.3 million less than budget and \$17.7 million less than the prior year. Net assets increased by \$.2 million from June 30, 2012.

**Patient statistics** – Surgical volumes were 6.1 percent above budget, and were up 2.4 percent compared to last year. Total outpatient visits were down 3.7 percent from budget and down 0.6 percent from last year due to fewer visits at the hospital based clinics. Patient days were 0.4 percent unfavorable to budget but up 1.0 percent from last year at this time. Emergency room visits were favorable to budget by 5.9 percent and are consistent with last year. The average daily census of 465 was 0.4 percent unfavorable to budget and an increase of 7 from a year ago. Average length of stay for the period was 5.6 days, on budget and down 0.1 day from the prior year. The case mix index was 1.67 compared to a budget of 1.68 and prior year of 1.70.

**Operating Revenue** – For the nine months ended March 31, 2013 net patient revenue of \$1.04 billion was below budget by \$21.8 million, or 2.1 percent, primarily due to unfavorable variances in payer mix. Clinic and Primary Care Network visits are unfavorable to budget by 1.6 percent and 6.6 percent, respectively. Net patient revenue was \$58.8 million higher than last year due to higher negotiated contract rates and increased volume.

Other operating revenue, which consists of EHR/Meaningful Use funds and other non-patient revenue such as cafeteria was above budget by \$4.5 million or 46.4 percent and above last year by \$4.3 million, or 44.0 percent. Receipt of \$5.5 million in EHR/Meaningful Use funds contributed to the favorable result.

**Operating expenses** – Operating expenses totaling \$1.04 billion were \$5.0 million or 0.5 percent favorable to budget. Salaries and benefit expense combined comprised the largest positive variance to budget at \$10.7 million or 1.6 percent. The favorable budget variances were a result of lower than budgeted full-time-equivalent employees (FTE) variance of 218 and favorable variances related to retirement benefits and payroll tax amounts. Salaries and benefits increased from prior year by \$61.2 million or 10.5 percent due to planned FTE increases, retroactive salary increases for most bargaining units and required increases to retirement contributions.

Supply costs of \$163.6 million were unfavorable to budget by \$11.2 million or 7.4 percent and higher than the prior year by \$5.9 million. Pharmaceutical expense is \$5.3 million unfavorable to budget due to increased costs of drugs. Additional unfavorable results were experienced in prosthetics and food supplies. Purchased service expenses were below budget by \$5.1 million or 6.1 percent but have increased by \$2.5 million or 3.2 percent compared to the prior year. This

# UC Davis Medical Center

(continued)

variance to budget is due to lower than anticipated consulting, software maintenance and advertising expenses.

**Operating income** – Year-to-date operating income of \$9.7 million was \$12.3 million less than budget and \$17.7 million less than last year.

**Non-operating income/expense** – Year-to-date non-operating income of \$4.3 million was favorable to budget by \$1.6 million. Non-operating expense of \$15.1 is slightly unfavorable to budget by \$0.8 million.

**Other changes in net assets** – “Other” changes in net assets decreased by \$3.1 million which is \$28.1 million better than budget and \$39.0 million lower than last year. This increase includes the transfer of \$17.6 million from the Medical Center to the School of Medicine for health system support, offset by \$14.6 million of funding from California Prop 61 and Prop 3 designated for Phase 5 of the Tower expansion. Prior year’s increase included the transfer of \$30.5 million from the School of Medicine to the Medical Center.

**Increase (decrease) in net assets** – The combination of operating income, net non-operating income and expense, and other changes in net assets resulted in a decrease in net assets of \$.2 million since the beginning of the fiscal year. This decrease was \$18.9 million lower than budget and \$53.7 million lower than last year’s increase.

## **FINANCIAL POSITION**

**Assets** – Total assets increased by \$27.8 million or 1.8 percent, compared to June 30, 2012. Current assets increased by \$63.3 million or 15.0 percent. Cash and cash equivalents increased by \$13.7 million. Days cash on hand increased slightly to 48.8 days from 47.8 days at June 30, 2012.

Net patient accounts receivable increased by \$9.2 million or 4.7 percent compared to June 30, 2012. Other receivables including third party settlements increased by \$35.7 million or 110 percent primarily due to an increase in outstanding amounts owed from the State related to funds from Medi-Cal DSH, Safety Net, Delivery System Reform Incentive Pool (DSRIP), SB1732 and AB915.

Total net capital assets decreased \$36.6 million or 3.3 percent compared to June 30, 2012, however, expenditures increased by a total of \$31.1 million for the EMR Phase II, Cancer Center expansion and annual equipment needs. This increase in expenditures was offset by \$66.1 million in depreciation expense.

**Liabilities** – Current liabilities increased by \$33.4 million or 17.3 percent, compared to the end of last year primarily due to changes in third party settlements and intercampus payables to the School of Medicine and Office of the President. Total liabilities increased \$28.0 million or 5.1

## **UC Davis Medical Center**

**(continued)**

percent resulting primarily from changes in third party settlements and intercampus payables, offset by debt service payments. Debt service coverage is 2.5 at March 31, 2013 and June 30, 2012.

*Net Assets* – Net assets decreased by \$.2 million or zero percent compared to June 30, 2012.



# UC Irvine Medical Center

## For Nine Months Ended March 31, 2013

### **OPERATING RESULTS**

**Summary** - For the nine months ended March 31, 2013, UC Irvine Medical Center reported net income of \$32.2 million and generated a margin of 5.4 percent. Total operating revenue increased by \$58.3 million over the prior year, and was \$21.9 million greater than the budget. Total operating expenses increased by \$53.2 million over the prior year, and is over the current year's budget by \$13.9 million. For the period ended, net income is favorable to the budget by \$9.6 million, or 42.3 percent, and is greater than the prior year by \$6.3 million, or 24.4 percent.

**Patient Statistics** – Year to date discharges are up 9.4 percent compared to the budget and greater than to the comparable period last year by 8.7 percent. Surgical volumes are 10.4 percent favorable to budget, and are up 14.9 percent compared to last year. Patient days of 83,292 are 3.2 percent favorable to budget and up 3.5 percent from last year at this time. General medicine, surgery, and NICU days are up a combined total of 4.4 percent compared to the prior year. Psychiatry and OB days are down a total of 0.6 percent from last year. The average daily census (ADC) of 304 is 3.2 percent favorable to the budget, and is 3.8 percent greater than a year ago. Average length of stay (ALOS) for the period is 5.8 days, compared to the budget 6.1 days, and prior year of 6.1 days. The case mix index was 1.72, which was 6.9 percent higher than last year. Outpatient visits reported for the period was 414,835, a 7.8 percent increase from last year and a 3.1 percent increase compared to budget.

**Operating Revenue** - For the nine months period ended March 31, 2013, UC Irvine Medical Center's total operating revenue of \$595.7 million was \$21.9 million, or 3.8 percent, favorable to the budget, and was \$58.3 million, or 10.8 percent, greater than prior year.

The Medical Center reported net patient revenues of \$573.5 million and was favorable to the budget by \$21.5 million, an increase of 3.9 percent, and was \$53.0 million greater than last year. The significant reason for the positive year to date budget variance in net patient revenue was the increase in volume; in patient days, outpatient visits, and surgeries.

Other operating revenue, which consists of Clinical Teaching Support funds, Electronic Health Record Incentive funds, referral lab revenue, miscellaneous government funds, and other non-patient revenue such as cafeteria and parking revenue, was favorable to the budget by \$0.4 million, or 1.8 percent.

**Operating Expenses** - For the nine months ending March 31, 2013, total operating expenses were \$557.2 million and were 2.6 percent over the budget of \$543.3 million. Operating expenses were over last year by \$53.2 million, or 10.6 percent. The increase over last year is primarily from increases in salaries and benefits, medical supplies, including pharmaceuticals, and depreciation. The total cost per CMI adjusted discharge was \$16,033 compared to the budget of \$17,370, and 7.1 percent lower than prior year of \$17,260.

# UC Irvine Medical Center

(continued)

**Operating Income** - Operating income for the year is \$38.5 million and is \$8.0 million greater than the budget, and is \$5.1 million greater than prior year.

**Non Operating revenue and expense** - Non-operating expenses are favorable to the budget by \$1.5 million due primarily to Medi-Cal Hospital Fee Grant income of \$2.1 million. Non operating revenue and expense also includes STIP interest income, interest expense on debt, and losses on the disposal of equipment.

## **FINANCIAL POSITION**

**Assets** - The Medical Center's total assets decreased by \$10.5 million, or 1.0 percent when compared to June 30, 2012. Total current assets increased by \$4.5 million. Cash and cash equivalents decreased by \$39.0 million. Day's cash on hand is below the beginning of the year by 27 days and is currently at 53 days, compared to the target of 70 days for March 31, 2013.

Net patient accounts receivable increased by \$10.5 million, or 9.6 percent, compared to June 30, 2012 due to the increase in charges and utilization as previously discussed. The net days in patient accounts receivable was 64 days as of March 31, 2013, compared to the budget of 61 days, and was 63 days as of June 30, 2012.

Restricted cash assets for capital improvements decreased by \$12.6 million from June 30, 2012 as result of facility construction in process.

Prepaid, inventory, and other receivables increased by \$33.0 million, or 50.6 percent, compared to June 30, 2012. The substantial increase was in other receivables as a result of the timing issues surrounding the receipt of the Medi-Cal DSH, DSRIP and SNCP funds from the state of California.

Total net capital assets decreased by \$2.3 million to \$724.1 million when compared to June 30, 2012. The decrease is the result of incurring more depreciation than capital additions.

**Liabilities** - Total liabilities decreased by \$5.4 million, or 1.1 percent, compared to June 30, 2012.

Current liabilities increased by \$4.0 million, or 2.5 percent. The increase in current liabilities is the result of the increase in third party payable. Long-term debt decreased by \$9.3 million, due from principle payments. Debt service coverage increased to 3.1 times as compared to 2.9 times as of June 30, 2012.

**Net Assets** - Net Assets have decreased by \$5.1 million since the beginning of the fiscal year. This increase is attributed to the \$32.2 million in income less the transfer of funds to the school/campus of \$35.7 million and \$1.6 million in other changes.

# UC Los Angeles Medical Center

## For the nine months ending March 31, 2013

### **OPERATING RESULTS**

**Summary** -For the nine months ended March 31, 2013, UCLA Medical Center's total operating revenue of \$1,408.7 million was \$7.0 million, or 0.5 percent, above budget and \$89.0 million, or 6.8 percent, over the prior year. Operating income of \$121.6 million, resulting in a margin of 8.6 percent, was \$52.1 million or 75.0 percent greater than budget and \$18.2 million, or 13.0 percent lower than the prior year. The increase in net assets was lower than the prior year by \$22.5 million, or 28.4 percent.

**Patient statistics** -Year-to-date discharges were 1.0 percent over budget and favorable to the prior year by 1.6 percent. Surgical volumes were 1.5 percent over budget and 0.7 percent over the prior year. Total outpatient visits were down by 0.2 percent from last year. Patient days were 1.6 percent favorable to budget and up 1.9 percent from last year at this time. The average daily census of 734 was 1.6 percent favorable to budget, and an increase of 17 from a year ago. Average length of stay for the period was 6.6 days compared to the budget and prior year of 6.5 and 6.6 days, respectively. The case mix index was 1.96, which increased by 2.4 percent when compared to last year.

**Operating Revenue** - For the nine months ended March 31, 2013, UCLA Medical Center's total operating revenue of \$1,408.7 million was \$7.0 million, or 0.5 percent, above budget and \$89.0 million, or 6.8 percent, over the prior year. The increase in operating revenue was mainly due to an increase in inpatient revenue, attributed by better than budgeted volumes and improved contract rates.

Net patient revenue of \$1,366.7 million was over the budget by \$10.9 million, or 0.8 percent and was \$89.6 million, or 7.0 percent higher than last year. Inpatient net revenue of \$969.7 million was above the budget by \$14.5 million and over last year by \$74.5 million while the average daily census was over the budget and prior year. Outpatient net revenue of \$397.0 million was under the budget by \$3.6 million as a result of lower than budgeted outpatient volumes. Outpatient net revenue was higher than last year by \$15.2 million.

Other operating revenue, which consists of Clinical Teaching Support, joint venture income, and other non-patient revenue such as cafeteria was below the budget by \$3.9 million or 8.5 percent and higher than last year by \$572 thousand, or 1.3 percent.

**Operating expenses** - Operating expenses totaling \$1,287.1 million were \$45.2 million, or 3.4 percent, favorable to budget. Salaries and benefits were under budget by \$45.0 million, or 5.8 percent mainly due to timing associated with super user training for the Electronic Health Record implementation, payroll liability adjustments, a reduction in FTE's due to lower than budgeted patient volumes, lower FICA expenses related to lower salaries, and a reduction in group health and post employment health expense benefits.

# UC Los Angeles Medical Center

(continued)

Supply expenses were over budget by \$9.1 million, or 4.2 percent mainly due to higher expenses in pharmacy, cath lab and in radiology.

Professional fees, purchased services and outside provider cost were under budget by \$10.9 million, or 6.2 percent mainly due to purchased services being lower than budget, as a result of lower transplant volume and lower than budgeted charges from affiliated entities. Utilities, rent and other expenses were over budget by \$1.7 million, or 1.0 percent.

Operating expenses increased over last year by \$107.2 million, or 9.1 percent. The increase from last year was due to increased salaries and benefits, increased pension funding, increase in UCOP tax, professional services, supplies, purchased services, depreciation expense, utilities, rent and other expenses.

**Operating income** - Operating income for the year-to-date of \$121.6 million was \$52.1 million or 75.0 percent over budget, and was \$18.2 million, or 13.0 percent unfavorable to last year.

**Nonoperating income/expenses** - Non-operating expenses were favorable to the budget by \$12.1 million or 54.1 percent, due to interest income being higher than budget, interest expense being lower than budget, Hospital Provider Fee grant portion of \$1.3 million, Build America bonds federal interest subsidies of \$1.6 million, and recognition of an increase in the fair market value of the interest rate Swap agreement of \$4.6 million, offset by an open market purchase of \$2.8 million which were not budgeted. Non-operating expenses were lower than the prior year by \$3.9 million, or 27.6 percent. The current year expenses are primarily lower than the prior year due to the recognition of an increase in the interest rate Swap agreement, Hospital Provider Fee grant portion of \$1.3 million and the current year does not include transition expenses for the Santa Monica replacement hospital.

**Other changes in net assets** - Other changes in net assets of (\$54.7) million included the transfer of funds from the Medical Center to the School of Medicine for health system support of (\$59.1) million which was offset by donated assets of \$4.4 million.

**Increase(decrease) in net assets** - The combination of operating income, net of non-operating expenses, and other changes in net assets resulted in an increase in net assets of \$56.7 million since the beginning of the fiscal year. This increase was \$78.9 million higher than budget and \$22.5 million lower than last year's increase.

## **FINANCIAL POSITION**

**Assets** – Total assets increased by \$88.0 million, or 2.9 percent, compared to June 30, 2012. Current assets increased by \$20.7 million, or 1.9 percent. Cash and cash equivalents decreased by \$55.5 million, or 7.5 percent, primarily due to purchases of new property, decrease in cash

## **UC Los Angeles Medical Center** (continued)

collection, and payment to the Office of the President tax assessment of \$26.5 million which represents a full year. Days cash on hand of 159 days was down from the beginning of the year by 25 days and was above the budget by 49 days. Net patient accounts receivable increased by \$27.7 million, or 10.5 percent, compared to June 30, 2012 due to lower than expected cash collections, mainly due to the implementation of the Electronic Health Record Project (EPIC). Prepaid expenses increased by \$ 8.1 million, or 45.0 percent compared to June 30, 2012 due to the last quarter of the Office of the President tax assessment being reclassified to prepaid, other receivables increased by \$ 37.8 million, or 741.3 percent, primarily due to the Delivery System Reform Incentive Pool (DSRIP) accruals. Third-party payor settlement receivable increased by \$2.5 million, or 22.3 percent.

Total net capital assets increased by \$74.7 million, or 4.0 percent, compared to June 30, 2012 due to increased expenditures for new equipment, the Electronic Health Record Project, and the purchases of new property.

***Liabilities*** –Current liabilities increased by \$ 47.1 million, or 15.3 percent, compared to the end of last year mainly due to an increase in accounts payable and accrued expenses, third-party payor settlements, and other liabilities. Long-term debt decreased by \$15.8 million, or 1.8 percent. Debt service coverage was 5.9 compared to 6.2 at June 30, 2012.

***Net Assets*** – Net assets increased by \$56.7 million, or 3.1 percent, compared to June 30, 2012.

# **UC San Diego Medical Center**

## **For the nine months ended March 31, 2013**

### **OPERATING RESULTS**

**Summary** – For the nine months ending March 31, 2013, UC San Diego Medical Center’s total operating revenue of \$801.4 million is \$19.4 million or 2.5 percent favorable to budget and is above the prior year by \$42.3 million or 5.6 percent. Operating income of \$52.3 million, which resulted in a margin of 6.5 percent, was \$5.2 million or 10.9 percent favorable to budget and \$2.3 million or 4.6 percent higher than the prior year. Net assets increased by \$47.4 million or 5.5 percent year-to-date.

The Child and Adolescent Psychiatry Services (CAPS) unit was transferred to Rady Children’s Hospital effective July 1, 2012 with the result that the 35-bed CAPS unit is no longer a UC San Diego Medical Center department. This reduced licensed beds by 35 bringing the Medical Center total to 565 licensed beds.

**Patient statistics** – Year-to-date discharges are 0.1 percent above budget and are up 0.3 percent compared to the same period last year. The average daily census of 428 is 3.2 percent above budget and is above the prior year by 2.4 percent. Average length of stay for the period is 5.9 days compared to budget of 5.6 and prior year of 5.8 days. Patient days are 3.2 percent favorable to budget and are up 2.0 percent from last year at this time. The case mix index is 1.64, which is at the same level as last year. Patient days in the family & preventive medicine, medicine, neuroscience, and pediatric departments are above the prior year while patient days in the orthopaedic, psychiatry, reproductive medicine, and surgery departments are below the prior year. Surgery cases are 2.4 percent below budget and are 2.7 percent above the prior year level. Emergency department (ED) visits are up 1.8 percent compared to the prior year. Total outpatient visits are up 3.7 percent from last year, due to a 4.2 percent increase in Medical Group visits and a 2.8 percent increase in hospital-based visits.

**Operating Revenue** – Total operating revenue of \$801.4 million is \$19.4 million or 2.5 percent above budget, and is \$42.3 million or 5.6 percent more than the prior year.

Net patient revenue of \$765.6 million is above budget by \$15.4 million or 2.1 percent and is \$39.7 million or 5.5 percent higher than last year. Inpatient net revenue of \$460.1 million is above budget by \$10.7 million or 2.4 percent, and above the prior year by \$29.6 million or 6.9 percent. Outpatient net revenue of \$305.6 million is above budget by \$4.7 million or 1.6 percent, and is above the prior year by \$10.1 million or 3.4 percent.

Other operating revenue is favorable to budget by \$4.0 million or 12.7 percent, and is above last year by \$2.6 million or 7.9 percent.

# UC San Diego Medical Center

(continued)

**Operating expenses** – Operating expenses totaling \$749.1 million were \$14.3 million or 1.9 percent unfavorable to budget. Salaries and benefits are at budget. Other operating expenses are unfavorable to budget by \$13.9 million or 5.2 percent primarily due to an unfavorable variance of \$16.8 million in medical supplies that was partially offset by favorable variances in several other expense categories. Depreciation and amortization are unfavorable to budget by \$0.3 million or 0.8 percent.

Operating expenses are above last year by \$40.0 million or 5.6 percent. The increase from last year is primarily due to higher patient activity and the resulting increase in FTE's and supplies, as well as to planned salary increases for staff and to inflationary increases for medical supplies and other supplies and services.

**Operating income** – Operating income year-to-date of \$52.3 million is \$5.2 million or 10.9 percent above budget, and is \$2.3 million or 4.6 percent higher than last year.

**Non-operating income/expenses** – Non-operating expenses are unfavorable to budget by \$0.7 million, and are favorable by \$0.1 million to the prior year.

**Other changes in net assets** – Other changes in net assets were an decrease of \$3.7 million for the nine months ending March 31, 2013. This includes the transfer of \$34.5 million from the Medical Center to the School of Medicine for health system support and the transfer of \$30.8 million from the University.

**Increase in net assets** – The combination of operating income, non-operating income, and other changes in net assets resulted in an increase in net assets of \$47.4 million or 5.5 percent since the beginning of the fiscal year. This increase was \$0.8 million lower than budget and \$9.6 million higher than last year's increase for the first nine months of the year.

## **FINANCIAL POSITION**

**Assets** – Total assets increased by \$52.4 million, or 4.3 percent, compared to June 30, 2012. Current assets decreased by \$6.1 million, or 1.5 percent. Cash and cash equivalents decreased by \$35.4 million or 29.4 percent due to capital expenditures and the timing of supplemental Medi-Cal funds. Days cash on hand of 33 days is below the beginning of the year by 16 days and is unfavorable to budget by 3 days.

Days in accounts receivable of 61 days is favorable to budget by 8 days or 11.6 percent, and is favorable to the beginning of the year by 7 days.

Prepaid expenses and other receivables increased by \$41.7 million or 49.3 percent primarily due to timing issues surrounding receipt of Medi-Cal Disproportionate Share Hospital (DSH) and Safety Net Care Pool funds, and AB 915 supplemental payments.

## **UC San Diego Medical Center** (continued)

Inventory decreased by \$0.7 million or 3.9 percent primarily due to pharmacy inventories.

Total net capital assets increased by \$55.6 million or 7.0 percent compared to June 30, 2012 due to expenditures for the East Campus Bed Tower project, equipment, infrastructure, and other programmatic investments.

**Liabilities** – Current liabilities increased by \$10.9 million, or 7.9 percent, compared to the end of last year. Long-term debt decreased \$7.2 million, or 3.3 percent due to payment of principal. Debt service coverage is 4.9 compared to the beginning of the year at 6.3.

**Net Assets** – Net assets increased by \$47.4 million or 5.5 percent compared to June 30, 2012.



# UC San Francisco Medical Center

## For the nine months ending March 31, 2013

### OPERATING RESULTS

**Summary** - For the nine months ended March 31, 2013, UCSF Medical Center's operating income of \$92.6 million for the combined Hospital and PSA practices resulted in a margin of 5.8 percent and was \$13.9 million more than budget and \$12.7 million more than the prior year. Net assets increased by \$134.2 million for the year-to-date period.

**Patient statistics** - Year-to-date discharges are down 0.6 percent from budget, but are up 2.8 percent to the comparable period last year. Surgical volumes are 5.9 percent below budget and 4.5 percent down compared to last year. Total outpatient visits are 2.3 percent above budget and are up 6.6 percent from last year. The average daily census of 492 is 2.8 percent unfavorable to budget, and 0.7 percent less than a year ago. Average length of stay for the period is 6.3 days compared to the budget of 6.4 and the prior year of 6.5 days. The case mix index was 2.02 which is .06 higher than last year's case mix index at this time.

**Operating Revenue** - For the nine months ended March 31, 2013, UCSF Medical Center's net patient revenue of \$1,540.6 million was higher than the budget by \$20.0 million and up from last year by \$104.7 million. The favorable variance to budget and the increase from the prior year is primarily due to improvements in contract rates, a higher level of patient acuity and an increase in outpatient activity.

Other operating revenue is higher than the budget by \$17.9 million and higher than last year by \$26.1 million primarily as a result of the expansion of a revenue sharing arrangement with a retail pharmacy.

**Operating expenses** - Operating expenses totaling \$1,508.0 million were \$24.0 million, or 1.6 percent, unfavorable to budget. Salaries and benefits were under budget by \$10.4 million or 1.3 percent due to lower patient volume and a lower increase of benefit costs than budgeted. Supply expenses were over budget by \$16.8 million primarily due to higher pharmacy costs related to the expansion of the revenue sharing arrangement with the retail pharmacy mentioned above.

Operating expenses were over last year by \$118.1 million, or 8.5 percent. The increase from last year is due primarily to inflationary increases in labor and medical supplies and the expansion of the revenue sharing arrangement with the retail pharmacy.

**Operating income** - Operating income for the year-to-date of \$92.6 million is \$13.9 million above budget and \$12.7 million higher compared to last year.

# UC San Francisco Medical Center

(continued)

*Non-operating income/expenses* – Net non-operating income/expenses are favorable to the budget by \$4.9 million due to additional interest income from higher than projected cash balances and higher than the prior year by \$11.5 million due to a reduction of interest expense as more interest is capitalized as part of the construction of the Mission Bay hospital facility.

*Other changes in net assets* - Other changes in net assets of a positive \$42.9 million included the receipt of \$68.8 million from the State under Propositions 61 and 3 to support the construction of the Mission Bay hospital facility and the transfer of \$31.4 million of funds from the Medical Center to the School of Medicine for health system support.

*Increase(decrease) in net assets* - The combination of operating income, net of non-operating income/expenses, and other changes in net assets resulted in an increase in net assets of \$134.2 million since the beginning of the fiscal year. This increase was \$93.7 million higher than budget and \$107.9 million higher than last year's increase. The receipt of funds from Propositions 61 and 3 mentioned above were not projected to occur in the nine month period ending March 31, 2013, and did not occur in the comparable prior year period.

## **FINANCIAL POSITION**

*Assets* – Total assets increased by \$93.3 million, or 3.9 percent, compared to June 30, 2012. Current assets increased by \$68.8 million, or 10.2 percent, primarily due to the receipt of Propositions 61 and 3 funds. Cash and cash equivalents increased by \$42.7 million for the same reason. Days of cash on hand of 56 days are 4 days higher than the beginning of the year.

Net patient accounts receivable increased by \$54.9 million, or 16.7 percent, compared to the balance at June 30, 2012. The Medical Center implemented a new patient billing system in June, 2012, which resulted in a reduction of cash collections during the first half of the year. Days in accounts receivable increased to 65 days from 62 at June 30, 2012. Prepaid expenses and other receivables increased by \$4.3 million, or 15.0 percent and inventory was essentially flat.

Total capital assets increased by \$268.6 million, or 20.7 percent, compared to June 30, 2012 primarily due to expenditures for the Mission Bay project and also due to investments in equipment and information systems technology.

*Liabilities* – Current liabilities increased by \$52.9 million, or 20.0 percent, compared to June 30, 2012 due primarily to timing of weekly check runs, bi-weekly payroll payments, interest payments and an increase in the current portion of long term debt. Long-term debt, net of current portion, decreased \$39.4 million, or 4.4 percent. Debt service coverage of 3.6 is higher than the June 30, 2012 debt service coverage of 2.0. The increase in the debt service coverage ratio is due to additional payments made in 2012 to retire debt in advance of their scheduled maturities that were not done in 2013.

## **UC San Francisco Medical Center**

**(continued)**

*Net Assets* – Net assets increased by \$134.2 million, or 11.5 percent, compared to June 30, 2012. The increase is due to income from operations and the receipt of Proposition 61 and 3 funds mentioned above.